

# **SOUTH CAROLINA COMMISSION ON DISABILITIES AND SPECIAL NEEDS**

## **MINUTES**

September 16, 2010

The South Carolina Commission on Disabilities and Special Needs met on Thursday, September 16, 2010, at 1:30 PM at the Department of Disabilities and Special Needs Central Office, 3440 Harden Street Extension, Columbia, South Carolina.

The following were in attendance:

### **COMMISSION**

#### **Present:**

Rick Huntress, Chairman  
Deborah McPherson, Vice Chairman  
Otis Speight, Secretary  
Nancy Banov

#### **Absent:**

Bobby Harrell  
Kelly Hanson Floyd

### **DDSN Administrative Staff**

Dr. Buscemi, State Director; Mr. Tom Waring, Associate State Director, Administration; Mr. David Goodell, Associate State Director, Operations; Dr. Kathi Lacy, Associate State Director, Policy; Ms. Tana Vanderbilt, General Counsel (For other Administrative Staff see Attachment 1 – Sign In Sheet).

### **Guests**

(See Attachment 1 Sign-In Sheet)

### **Coastal Regional Center (via teleconference)**

(See Attachment 2 Coastal Sign-In Sheet)

### **Pee Dee Regional Center (via teleconference)**

(See Attachment 3 Pee Dee Regional Sign-In Sheet)

### **Whitten Center (via teleconference)**

(See Attachment 4 Whitten Center Sign-In Sheet)

### **York County DSN Board (via teleconference)**

(See Attachment 5 York County Sign-In Sheet)

### News Release of Meeting

Mr. Rick Huntress, Chairman, called the meeting to order. Dr. Otis Speight read a statement of announcement about the meeting that had been mailed to the appropriate media, interested persons, and posted at the Central Office and on the website in accordance with the Freedom of Information Act.

### Invocation

Mrs. Deborah McPherson gave the invocation.

### Public Input

Ms. Valarie Bishop, Executive Director, Developmental Disabilities Council, spoke at the Commission Meeting.

### Report from DSN Boards

Mr. Rick Magner spoke on behalf of the SC Human Service Providers Association.

### Adoption of the Agenda

On motion of Dr. Speight, seconded and passed, the Commission approved the agenda for the meeting. (Attachment A)

### Approval of the Minutes of the August 12, 2010 and September 2, 2010 Meetings

On motion of Mrs. McPherson, seconded and passed, the Commission approved the minutes of the August 12, 2010 and September 2, 2010 meetings.

### New Business – State Revenue and Budget Outlook

Mr. Mike Shealy, Budget Director of the Senate Finance Committee, gave a detailed presentation of the State's revenue and budget outlook. (Attachment B)

### New Business – Spending Plan

On motion of Mrs. McPherson, seconded and passed, the Spending Plan was approved as presented and that some capital expenditures would be delayed until it is known that DDSN's budget is solid for 2011. (Attachment C)

New Business – Consideration of Bids

Mr. Waring presented information on bids for the HVAC replacement at the Hallett School and the Health Services building at Whitten Center. It was recommended the project be awarded to Mathis Plumbing and Heating Company of Greenwood, South Carolina for the full contract amount of \$218,000.00. On motion of Dr. Speight, seconded and passed, the Commission approved the bid as presented including using the second lowest bidder if necessary. (Attachment D)

Mr. Waring presented information on bids for the outdoor swimming pool refurbishment at the Coastal Center. It was recommended the project be awarded to Whitewater Construction, Inc. of North Charleston, South Carolina for the full contract amount of \$104,900.00. On motion of Mrs. Nancy Banov, seconded and passed, the Commission approved the bid as presented including using the second lowest bidder if necessary. (Attachment E)

State Director's Report

Dr. Buscemi spoke of the Community Supports Waiver amendment that the Commission voted on at the September 2, 2010 Special-Called Commission Meeting stating it is a wonderful opportunity to serve a substantial number of people off the waiting list without spending additional state funds.

Dr. Buscemi reported that changes are being made to the agency website to improve transparency and openness which will include a provided link to translate the website to Spanish.

Dr. Buscemi stated there is a projected shortage for Medicaid and DHHS may implement a budget reduction that might affect DDSN. The agency is keeping in contact with DHHS regarding the budget. Dr. Buscemi added that DDSN is also working closely with DHHS on ways to save money. Dr. Kathi Lacy explained the DHHS Request for Proposal submitted for incontinent supplies that could save up to thirty percent when purchased through a single vendor.

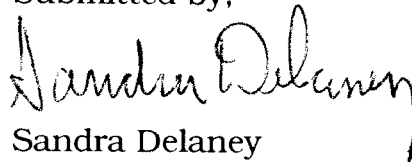
Dr. Buscemi reported a letter is about to go forth to CMS regarding DDSN's administrative cost issue and that it is a positive step. January 1, 2011 is still the timeline for implementation but this could change.

Dr. Buscemi gave an update on her pro-active meetings with the provider and the family and advocacy groups regarding the budget. Both groups have requested budget reduction considerations which will be provided to them. The budget reduction items will then be presented to the Commission to help prioritize. Dr. Buscemi has emphasized to the groups that the agency has an ethical and moral obligation to move waiting lists.

Dr. Buscemi proposed having a mini Work Session to conduct governance and parliamentary training the morning of October 21, 2010 and have the regular Commission meeting in the afternoon. All Commission members agreed to have the Work Session at 10:00 a.m. and the regular Commission meeting at 1:30 p.m., October 21, 2010. Mr. Huntress asked Commission members to contact him if they would like to add other topics to the Work Session.

The meeting was adjourned by Mr. Huntress.

Submitted by,

A handwritten signature in black ink, appearing to read "Sandra Delaney", written in a cursive style.

Sandra Delaney

Approved:

---

Dr. Otis Speight  
Secretary

SC COMMISSION ON DISABILITIES AND  
Commission Meeting

Attachment 1

September 16, 2010

Guest Registration Sheet

**(PLEASE PRINT)**

Name and Organization

1. Shirley McGreene Fairfield County DSN B
2. Laura Collins Fairfield County DSN Board
3. Stephen Williams Calhoun DSN
4. Branka Byrnes Parent
5. RICHARD FERRANTE CDR/USC
6. Jay Altman Chester-Lancaster DSN
7. Kathleen Roberts Whitten Center Parents Club + SC PADD
8. Marlean Ruloff Parks pres. SC PADD
9. Linda Veldheer DDSN
10. Angie Stoner SFC
11. Mike Shealy
12. Craig Parks
13. David Good
14. Donna H Hall Babcock Center
15. Shondala Hall DDSN
16. Teri Todd Bright Start
17. Beth Bunge
18. Ashley Bailes Brain Injury ASSOC.
19. Ric L Magnier Human Serv. Providers
20. Diane Espinly Spina L Cnd Injury Assoc

# SC COMMISSION ON DISABILITIES AND SPECIAL NEEDS

## Commission Meeting

September 16, 2010

### Guest Registration Sheet

**(PLEASE PRINT)**

Name and Organization

21. Elaine Bond Chewoke Co.
22. Janet Priest DDSN
23. Fred Lynar Whitten Ctn Parents Club
24. Jennifer Buster DDSN
25. KEVIN YACOBZ DDSN
27. Betty-Routh Steele Saleeby Center parent
28. ~~Greg~~ W. J. DHHS
29. Kathy Martin P & A
30. DEAN FROO Cousin BDSN
31. \_\_\_\_\_
32. \_\_\_\_\_
33. \_\_\_\_\_
34. \_\_\_\_\_
35. \_\_\_\_\_
36. \_\_\_\_\_
37. \_\_\_\_\_
38. \_\_\_\_\_
39. \_\_\_\_\_
40. \_\_\_\_\_

SC COMMISSION ON DISABILITIES AND SPECIAL SERVICES  
Commission Meeting  
September 16, 2010

**Guest Registration Sheet**

**(PLEASE PRINT)** Name and Organization

1. Sherry Swan - BIASC
2. Richard Johnson Coastal Center Parent
3. Suzanne Johnson Coastal Center Parent
4. Farsha Mikell BIASC Board
5. Linda Redford Coastal Center (parent)
6. Lotus Love SCADSV
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_
13. \_\_\_\_\_
14. \_\_\_\_\_
15. \_\_\_\_\_
16. \_\_\_\_\_
17. \_\_\_\_\_
18. \_\_\_\_\_
19. \_\_\_\_\_
20. \_\_\_\_\_

SC COMMISSION ON DISABILITIES AND S  
Commission Meeting  
September 16, 2010

Attachment 3

Guest Registration Sheet

**(PLEASE PRINT)** Name and Organization

1. Mike Keith - Marion-Dickens Co Bd. FDSN
2. John Hitchman SCDDSN
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_
13. \_\_\_\_\_
14. \_\_\_\_\_
15. \_\_\_\_\_
16. \_\_\_\_\_
17. \_\_\_\_\_
18. \_\_\_\_\_
19. \_\_\_\_\_
20. \_\_\_\_\_



SC COMMISSION ON DISABILITIES AND S  
Commission Meeting  
September 16, 2010

Attachment 4

**(PLEASE PRINT)**

Name and Organization

1. Peggy Nalley Voices + Val. + Parent.
2. David Brown " " Disable
3. Jeri Davison P.E. A
4. PAT FAGAN SCADA
5. Boal GREENVILLE
6. Jal N. Singh DDSN
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_
13. \_\_\_\_\_
14. \_\_\_\_\_
15. \_\_\_\_\_
16. \_\_\_\_\_
17. \_\_\_\_\_
18. \_\_\_\_\_
19. \_\_\_\_\_
20. \_\_\_\_\_

PM

**SC COMMISSION ON DISABILITIES AND SPECIAL NE**  
**Commission Meeting**  
September 16, 2010

**Guest Registration Sheet**

**(PLEASE PRINT)** Name and Organization

1. Mary Poole YCBDSN
2. Michelle Shaffer YCBDSN
3. Innice Fowler YCBDSN
4. Jacqueline Davis YCBDSN
5. Tyrell YCBDSN
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_
13. \_\_\_\_\_

**SOUTH CAROLINA COMMISSION ON DISABILITIES AND SPECIAL NEEDS**

**A G E N D A**

**South Carolina Department of Disabilities and Special Needs  
3440 Harden Street Extension  
Conference Room 251  
Columbia, South Carolina**

**September 16, 2010**

**1:30 PM**

1. Notice of Meeting Statement *Commissioner Otis Speight*
2. Invocation *Commissioner Deborah McPherson*
3. Introduction of Guests
4. Public Input
5. Report from DSN Boards *Mr. Rick Wagner*
6. Adoption of Agenda
7. Approval of the Minutes of the August 12, 2010 and September 2, 2010 Meetings
8. New Business:
  - A. State Revenue and Budget Outlook *Mr. Mike Shealy  
Budget Director  
Senate Finance Committee*
  - B. Spending Plan *Mr. Tom Waring*
  - C. Consideration of Bids *Mr. Tom Waring*
    1. Whitten Center – HVAC Replacement – Hallett School and Health Services
    2. Coastal Center – Outdoor Swimming Pool Refurbishment
9. State Director's Report
10. Next Regular Meeting Date (October 21, 2010)/Location

**PLEASE SILENCE CELL PHONES DURING THE MEETING. THANK YOU.**

## State Budget Outlook

### "Era of Austerity"

Mike Shealy  
SC Senate Finance Committee

## European and American Debt Crises Signal an Era of Austerity

Michael Gerson, Washington Post, May 19, 2010

"America is about to enter its own period of austerity, which likely will be the dominant political reality for the next decade. The new game will have few winners and many losers.

If the federal government takes spending reductions seriously, the first wave of austerity would hit the states and public employees."

2

## Austere

Function: adjective

Etymology: Middle English, from Anglo-French, from Latin *austerus*, from Greek *austēros* harsh, severe; akin to Greek *haous* dry

Date: 14th century

1 a: stern and cold in appearance or manner b : somber, grave

2: morally strict : ascetic

3: markedly simple or unadorned

4: giving little or no scope for pleasure

5 of a wine: having the flavor of acid or tannin predominant over fruit flavors usually indicating a capacity for aging

synonyms see severe

- aus'tere'ly *adverb*  
- aus'tere'ness *noun*

3

## "Welcome to the Lean Years" Thomas Friedman, New York Times, February 23, 2010

- We've just had our 70 fat years in America, thanks to the Greatest Generation and the bounty of freedom and prosperity they built for us. And in the past 70 years, leadership – whether of the country, a university, a company, a state, a charity or a township – has largely been about giving things away, building things, from scratch, lowering taxes or making grants. But now it feels as if we are entering a new era "where the greatest task of government and of leadership is going to be about taking things away from people," said the Johns Hopkins foreign policy expert Michael Mendlebaum... Let's just hope our lean years number only seven... Our parents were the Greatest Generation. We, alas, in too many ways, have been what the writer Kurt Andersen called "The Grasshopper Generation," eating through the prosperity that was bequeathed us like hungry locusts.

4

## SC State Budget

	FY 08-09 (expenditures)	FY 10-11 (appropriations)
■ General Funds	\$5.75 Billion	\$5.08 Billion
■ Federal Funds	\$7.37 Billion	\$8.27 Billion
■ Other Funds	\$7.44 Billion	\$7.76 Billion

TOTAL: \$20.56 Billion \$21.12 Billion

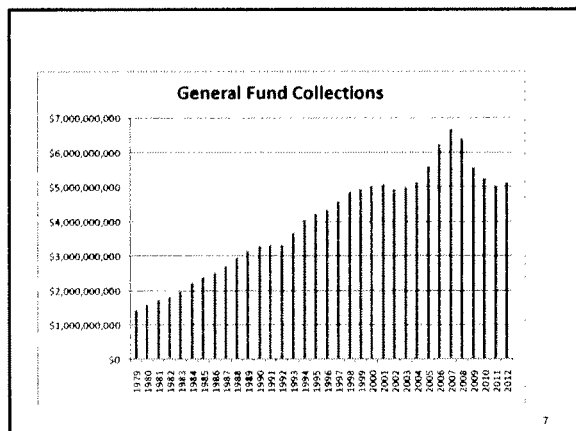
SC Personal Income \$145 Billion

(Budget is about 15% or 1/7th of economy)

5

## The condition of the South Carolina State Budget

6



From the peak of General Fund Revenue collections in FY2006-07 through FY2009-10 Collections have dropped \$1.42 Billion or 21.3%.

## Conventional Thought During the Growth Years

Incorrect Assumption: Revenue growth from FY04-05 through FY06-07 was recovery from "9/11" recession.

Reality: The revenue growth was a bubble mirroring the economic bubble caused partially by mortgage financing and other forms of borrowing.

## The Impact of the "Great Recession" on State Finances

### Summary of Revenue Shortfall FY 2008-09

FY 2008-09 Appropriation Act Revenue Estimate (Net of Tax Relief Trust Fund)	6,718,067,837
BEA Forecast Reduction July 21, 2008	(149,000,000)
BEA Forecast Reduction October 8, 2008	(414,000,000)
BEA Forecast Reduction November 7, 2008	(135,100,000)
BEA Forecast Reduction December 10, 2008	(250,000,000)
BEA Forecast Reduction March 15, 2009	(54,000,000)
BEA Forecast Reduction June 11, 2009	(82,000,000)
<b>Total BEA Revenue Forecast Reductions</b>	<b>(1,076,100,000)</b>
<b>Additional Revenue Shortfall (FMT3)</b>	<b>(129,754,590)</b>
<b>Open-Ended Appropriations:</b>	
Homestead Exemption Fund Shortfall	(52,995,831)
DOC & DJJ Debtors (Recognized by BAC Board)	(51,795,768)
Other Open-Ended Accounts	(3,512,014)
<b>Total Open-Ended Appropriations</b>	<b>(110,303,613)</b>
<b>Total Year-End General Fund Shortfall</b>	<b>(1,214,158,000)</b>
<b>FY 2008-09 General Assembly and Budget &amp; Control Board Actions:</b>	
BRCCF Action 9/10/08: Revenue Control Board Release Fund	\$5,176,000
FY 08-09 Appropriation Act: Targeted Agency Revenues for FY09	\$80,000,000
BEA Action 12/17/08: 7% Agency and Board Agency Reductions	\$300,000,000
BEA Action March 18, 2009: Agency and Board Agency Reductions	\$21,000,000
<b>Total General Assembly and BAC Board Actions</b>	<b>\$306,176,000</b>
<b>Agency Lapsed Funds and Sustained Voids</b>	<b>1,528,000</b>
<b>Remaining Year-End General Fund Shortfall</b>	<b>(206,313,834)</b>
<b>General Revenue Fund Shortfall Applied to Reserves</b>	<b>\$206,313,834</b>
<b>FY 2008-09 Year-End Deficit Remaining After Reserve Funds Applied</b>	<b>(98,215,617)</b>

### Summary of Revenue Surplus FY 2009-10

<b>BUDGETARY GENERAL FUND</b>	
Fiscal Year Ended June 30, 2010	
Appropriations Act Budgeted Revenues for FY09-10	\$ 5,552,002,165
Actual Revenues	5,241,895,775
<b>Shortfall</b>	<b>\$ (310,106,390)</b>
<b>Mid-Year Budget Action of Budget and Control Board:</b>	
Applied Capital Reserve Fund against Projected Revenue Shortfall - June 2009	127,847,888
Cut Agency Budgets 4.04 percent - September 2009	200,452,112
Cut Agency Budgets 5 percent - December 2009	738,727,922
	<b>566,527,922</b>
<b>Closing Entries Directed by Statute or Provision:</b>	
To Cover "Open-Ended" Appropriations	40,244,804
To Liquidate FY09 Operating Deficit Carried Forward to FY10	98,216,617
To Replenish General Reserve Fund	46,959,511
	<b>(185,420,932)</b>
<b>Net Budgetary Surplus</b>	<b>\$ 71,000,600</b>

Source: Comptroller General FY 2009-10 News Release August 2010

## Fiscal Year 2008-09

The General Fund recurring base appropriation was **\$6,735,714,190**

## Fiscal Year 2010-11

The General Fund recurring base appropriation is **\$5,080,373,895**

Source: Office of State Budget (Base after vetoes)

13

## Cumulative General Fund Reductions

July 2008 – July 2010

■ Department of Corrections	13%
■ Health & Human Services	21%
■ Department of Public Safety	24%
■ Department of Education	25%
■ Department of Social Services	25%
■ Disabilities & Special Needs	33%
■ Department of Mental Health	38%
■ Colleges & Universities	44%
■ Department of Agriculture	51%
■ Department of Insurance	61%
■ Department of Commerce	68%
■ Human Affairs & Consumer Affairs	71%
■ Budget & Control Board	100%

14

## FY2010-11 General Fund Revenue Forecast (11/10/09)

- Flat (no growth compared to the November forecast for FY09-10).
- Long Range Forecast for FY2011-12 and beyond is an average 2.0% growth rate.

15

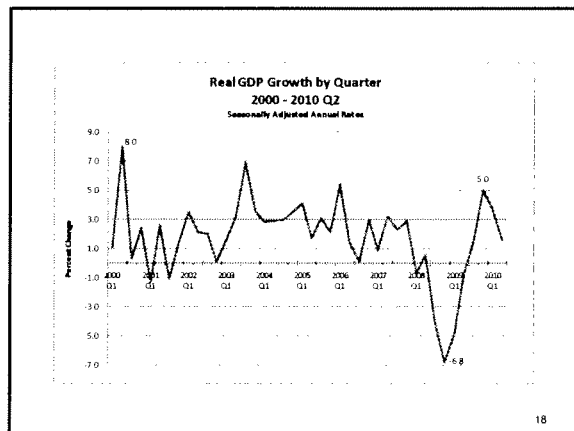
## How Did We Get Here?

- The National Recession
- The Structure of Our State Revenue System
- Taxation and Spending Policies

16

## The National Recession and Its Effects on the State Economy

17



18

## U.S. Recessions 1948 - 2009

Date	Duration (Months)
1948 - 49	11
1953 - 54	10
1957 - 58	8
1960 - 61	10
1968 - 70	11
1973 - 75	16
1980 - 80	6
1981 - 82	16
1990 - 91	8
2001 - 02	8
2007 - 09	22
Average 1945 - 2001	10 months

Source: Dr. Bruce Yandle, Dean Emeritus, Clemson University

19

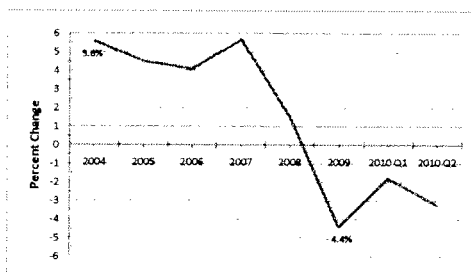
## Gross Domestic Product

$$\text{GDP} = \text{Consumption} + \text{Investment} + \text{Government} + \text{Net Exports}$$

Consumption is about 70% of GDP.

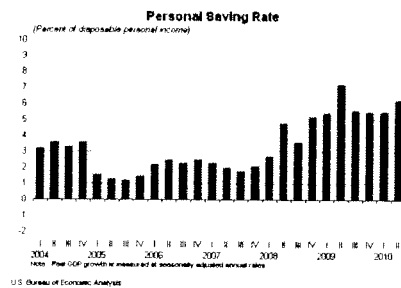
20

## Consumer Credit Outstanding 2004 - 2010 Q2 Seasonally Adjusted



21

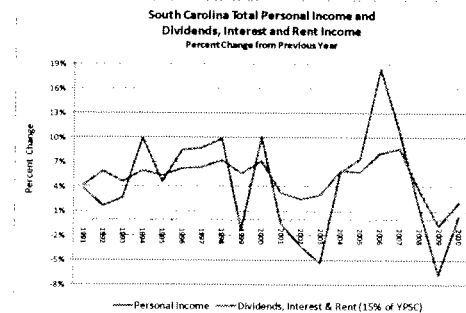
## Personal Savings Rate



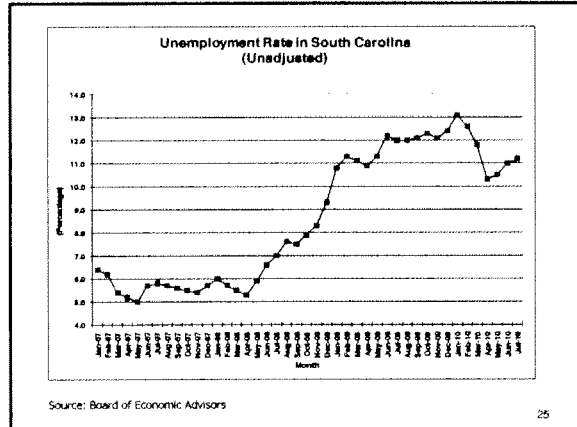
22

## Measures of the State Economy

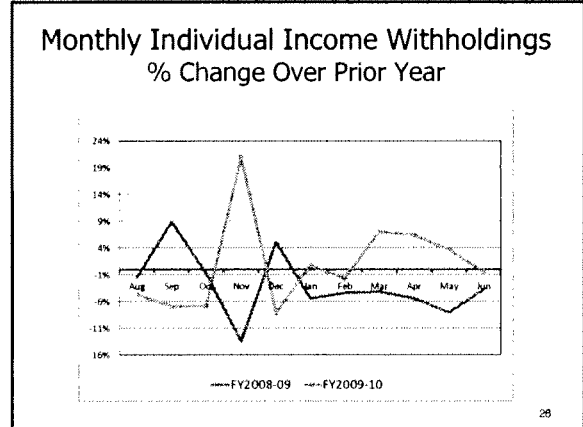
23



24



25



26

## The Structure of Our State Revenue System

27

**Comparison of Gross and Net Taxable Sales  
FY 1999 – FY 2009**

	FY 1999	FY 2009	
Gross Sales Amount	94,435,505,424	135,859,825,695	44%
Net Taxable Sales Amount	45,199,250,866	52,667,993,248	17%
Percentage of Net Taxable Sales	<b>47.9%</b>	<b>38.8%</b>	

---

	FY 2008	FY 2009	
Gross Sales Amount	146,328,024,474	135,859,825,695	
Net Taxable Sales Amount	59,660,508,895	52,667,993,248	
Percentage of Net Taxable Sales	<b>40.8%</b>	<b>38.8%</b>	

Source: Department of Revenue, Annual Report.

**The Base is Shrinking.**

28

## South Carolina's Taxation & Spending Policies

29

**Tax Relief in South Carolina  
Netted Over \$600M in the last 5 years**

**Relief passed by the General Assembly since 2005 includes:**

- Total elimination of the state's "grocery tax". **\$425 million**
- Elimination of the state's bottom income tax bracket. **\$86 million**
- Reduction of the tax on small business from a top marginal rate of 7% to a flat rate of 5%. **\$129 million**

**The Base is Shrinking.**

30



## Open-Ended Appropriations

Agency	Description of Appropriation	Authority	FY 2009-10	FY 2010-11	Total
			Existing Appropriation	Estimated Income	Appropriation
Comm. of Higher Education	LIFE Scholarship Program Palmetto Fellows	Section 59-149-190 Section 59-104-20(D)	198,946,230	18,200,000	216,766,230
Dept. of Revenue	Homestead Exemption-One Cost Sales Tax Swap/School Operating Expenses	Section 11-11-156(A)(6)	26,419,132	99,732,665	126,151,717
Total			224,966,362	117,932,665	342,917,947

An open-ended account is an obligation that will be paid regardless of the amount actually budgeted.

Demands for these two programs automatically are considered first for funding in each budget cycle due to statute. This "crowds out" consideration for increases in other areas of the budget.

31

## Responses to the Condition of the State Budget

32

## The SC Taxation Realignment Commission (aka "TRAC")

- Sponsored by Sen. Leatherman and Others
- Modeled after the federal Base Realignment Commission
- 11 members (credentialed), No Legislators & Lobbyist Protocols
- Exhaustive Study (State and Local including exemptions)
- Look for "adequacy, equity and efficiency" (aka, "Broad Base / Low Rates") ie, 3.4% vs. 6.0% sales tax rate, etc.
- "Modernize and Stabilize" the system
- Recommend legislative changes to Money Committees
- 14 meetings scheduled through September 2010
- Meeting information and research materials available on TRAC website:  
<http://www.sctaxrealignment.gov/citizens/interests/TRAC/TRAC.html>

33

## TRAC Recommendations

### Sales Tax:

- Expand the Base and Lower the Rate
- Autos - Ratchet up to \$600, \$1000, \$1,200 then no cap
- Food - Tax at 59% of Gross Proceeds  
(effective rate 2.95%, Food stamp purchases exempt)
- Prescriptions - Tax at 25% of Gross Proceeds  
(effective rate 1.25%, exempt Medicare & Medicaid)
- Residential Electricity - Tax at 25% Gross Proceeds  
(effective rate 1.25%)
- Lower Rate to at least 5%  
(including services the rate will be less than 5%)

34

$$\text{GDP} = \text{Consumption} + \text{Investment} + \text{Government} + \text{Net Exports}$$

A Keynesian approach Macroeconomic Policy

President Kennedy's Revenue Act of '64  
(marginal rate from 91% to 70% above \$400K)

President Bush's \$600 Tax Rebate '08

President Obama's ARRA of '09

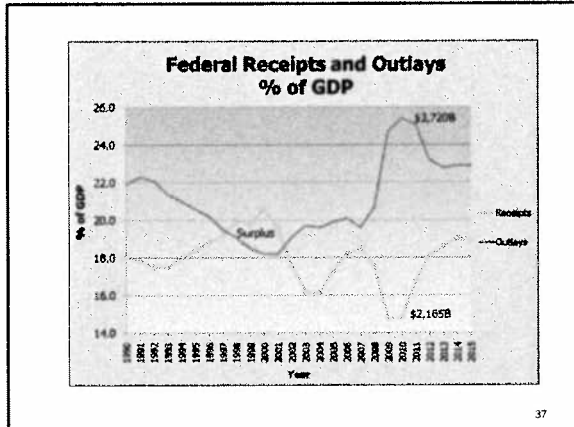
35

## An Extension of Stimulus Funding

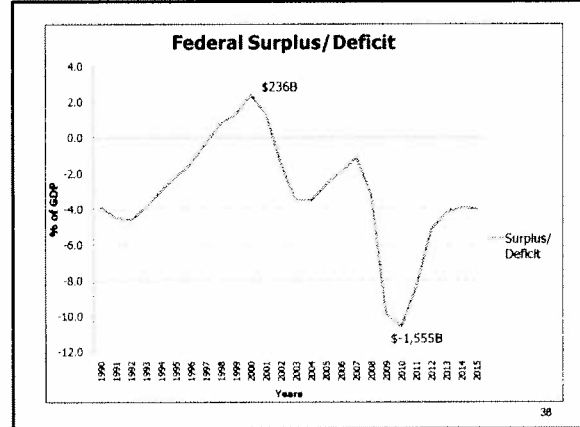
HR1586 passed 8/10/10

BUT, this will likely be the last large federal stimulus for some time, because ...

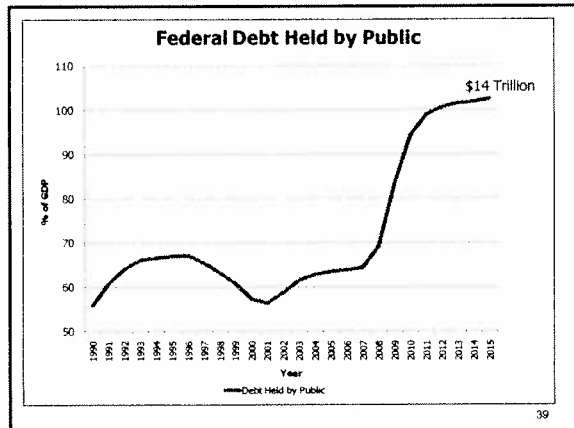
36



37



38



39

**Does all this matter – No & Yes**

Debt as % of GDP	CIA Factbook %	GDP	CIA Factbook (Purchasing Power Parity)
Japan 189.3%		US \$14.2T	
Italy 115.2%		China \$8.8T	
Greece 113.4%		Japan \$4.1T	
Canada 75.4%		India \$3.5T	
Germany 72.1%		Germany \$2.8T	
United Kingdom 68.1%		UK \$2.1T	
Mexico 37.7%		Russia \$2.1T	
Ethiopia 31.8%		France \$2.1T	
China 16.9%		Brazil \$2.9T	
Kuwait 8.1%		Italy \$1.8T	
Libya 3.9%		Mexico \$1.5T	

Note: US Federal DEFICIT ≈ Mexico GDP

40

**The Outlook for the Next Several Years and Beyond**

41

- Facts:**
- State General Fund appropriations have dropped 25% over the past three years.
  - The long-range growth rate for State General Fund revenues is 2%, less than expected inflation and population growth.
  - Many state agencies have budgets reduced to "threshold levels" where additional cuts will trigger federal intervention and mandates or effective closure of those agencies.
  - The State Budget list of obligations is at least \$900 million greater than available resources for Fiscal Year 2011-12.
  - Federal Stimulus Funds will be exhausted and many other federal sources will diminish as the Federal Government begins to address deficit and debt issues.

42

**Possible Annualizations Needed in FY 2011-12**  
Based on FY 10-11 Appropriations Act after Governor's Vetoes

The Annualization Act is the State Budget Office's attempt to identify items that may be funding needs in the next fiscal year. The list is a subjective interpretation of items funded in the Appropriation Act and is not intended to be the definitive list of funding legal documents.

The Appropriations Act uses A R R A funding from the Federal Medical Assistance Percentage (FMAP) increases and funding of 50% reduction from the Fiscal Stabilization Fund

	<u>FY 2011-12</u>
<b>Statewide:</b>	
Formula Driven by State, Federal, & Constitutional Mandates:	
General Reserve Fund	38,508,729
Capital Reserve Fund	(5,573,855)
Local Government Fund	34,327,191
(Reserve to statutory formula)	
Homestead Exemption Shortfall	32,548,851
Employee Health Insurance	29,119,844
Recurring Appropriations Contained in Part 1A Supported	
or Nonrecurring Revenue	151,542,533
<b>Subtotal - Statewide Items</b>	<b>280,861,003</b>
<b>State Agencies:</b>	
State Department of Education	187,962,648
Department of Health and Human Services	183,778,488
All Other State Agencies	282,294,651
<b>Subtotal - State Agencies</b>	<b>654,035,787</b>
<b>ANNUALIZATION OF FY 2010-11</b>	<b>934,896,790</b>

Source: Office of State Budget

43

## Headlines

- "Spartanburg Detox Center Shuts Down over Budget Cut" - Jason Spencer, Spartanburg Herald Journal, July 5, 2010
- "SCDJJ Cutting School Jobs, Requiring Furloughs" - Seanna Adcox, AP, July 7, 2010
- "C of C Tuition Goes Up \$1,326: President Says State Cuts Behind Increase" - Diane Knich, Post & Courier, June 8, 2010
- "Cash-Poor Governments Ditching Public Hospitals" (Barnwell County) - Suzanne Sataline, Wall Street Journal, August 29, 2010

44

## Who will Build the Bridges?

Thomas Friedman  
New York Times, April 9, 2010

If you step back far enough, you could argue that George W. Bush brought the Reagan Revolution - with its emphasis on tax cuts, deregulation and government-as-the-problem-not-the-solution - to its logical conclusion and then some. But with a soaring deficit and a banking crisis caused by the excess of deregulation, Reaganism has met its limit. Meanwhile, President Barack Obama's passage of health care reform has brought the New Deal-Franklin Roosevelt Revolution to its logical conclusion. There will be no more major entitlements for Americans. The bond market will make sure of that.

In other words, both major parties have now completed their primary 20th-century missions, first laid down by their standard bearers. The real question is which party is going to build America's bridge to the 21st-century - one that will strengthen our ability to compete in the global economy, while practicing much more fiscal discipline.

45

## Popular 20th Century English Philosopher

Sir Michael Philip Jagger

wrote in 1968:

You can't always get what you want

And if you try sometime you find

You get what you need.

46

## Options for Next Year's Presentation Title (based on old pop songs)

- "I Can See Clearly Now (the rain is gone)," Johnny Nash, 1972.
- "I Will Survive," Gloria Gaynor, 1978.
- "Dust in the Wind," Kansas, 1977.

47

Thank You

mikeshealy@scsenate.gov

48

# Attachment C

Financial Projections for Fiscal Year 2011		Description	Use of Existing Funds	Commitments after July 1, 2010
<b>Base Expenditures:</b>				
<b>Administration</b>			\$7,500,000	
<b>Capitated Services</b>			\$284,270,646	
<b>Non-Capitated Services</b>			\$81,752,045	
<b>Other Contracts and Grants</b>			\$2,821,348	
<b>Regional Centers/Community Program Services</b>			\$95,290,000	
<b>Prevention</b>			\$7,743,600	
<b>Subtotal</b>			<u>\$479,377,639</u>	
<b>Service Development</b>				
<b>Residential</b>				
1. Movement of Individuals from Regional Centers		24 Placements		
2. Critical/Crisis Response				
a. Autism: Beds Vacated		15 Placements Due to Turnover - from base	\$1,066,000	
b. MR: Beds Vacated		152 Placements Due to Turnover - from base	\$10,822,400	
3. Alternative Residential Placements				
a. Bed Attrition to serve dually diagnosed		32 Placements for MH/MR Dually Diagnosed - from base	\$2,400,000	
b. MR Development		10 Priority Placements	\$227,665	
<b>Autism</b>				
1. PDD Waiver		100 Waiver Slots above Base of 570	\$2,950,000	
2. PDD Waiver - Attrition		148 Waiver Slots through Attrition	\$4,366,000	
<b>Mental Retardation</b>				
1. Family Support				
a. Service Coordination		664 New Individuals Determined Eligible for DDSN		\$311,637
b. Family Support/Respite		Additional One-time Funding - Debt Service Funding		\$500,000
2. Early Intervention				
a. Service Reduction		Reduction of 600 Children related to One Delay		(\$900,000)
b. Anticipated Growth		300 New Children Receiving Early Intervention Services		\$932,256
3. Community Support Waiver				
a. Rehabilitation Support Conversion		Conversion of 50 Rehab Support Consumers		\$148,650
b. Medicaid Eligibility Conversion - 150 Consumers		200 Waiting List Consumers Receiving Waiver Services - January 2011	\$1,131,800	
4. Capitated Services		Additional Band Changes and Outliers	\$500,000	
<b>Employer Fringe Benefit Increase</b>				
System Wide Employer Rate Increase		Increase in Rate to Employer effective - 1/1/2011		\$2,142,857
<b>One-Time Capital</b>				
1. Capital Development/Infrastructure		Required Maintenance, Health/Safety Upgrades, Technology Needs	\$1,900,000	
2. Regional Centers		Capital Projects from CIP - Debt Service Funding	\$3,100,000	
<b>Total Projected Expenditures for Funding</b>			<u>\$507,843,504</u>	<u>\$3,135,400</u>
				<u>\$510,978,904</u>

**CONSIDERATION OF BIDS**

**WHITTEN CENTER – HALLETT SCHOOL & HEALTH SERVICES –  
HVAC REPLACEMENT**

**PIEDMONT REGION**

**J16-9835-NA**

This project includes the replacement of three (3) split heat pumps and air handlers at Whitten Center Health Services Bldg and two (2) split systems air conditioning units (cooling only) using the existing duct mounted hot water heating coils, and sixteen (16) wall hung heat pumps at Whitten Center Hallett School Bldg. with new high efficiency systems. The work scope includes duct work, duct cleaning, controls upgrades, electrical modifications and related miscellaneous work. These existing old and energy inefficient systems will be replaced by combining SCDDSN's remaining Recovery Act energy stimulus federal funds (\$86,059) with additional agency project funds.

It is recommended that the contract be awarded to **MATHIS PLUMBING & HEATING CO, INC. of GREENWOOD, SOUTH CAROLINA** as the lowest responsible and responsive bidder in the amount of **\$218,000.00**, pending a thorough review of the contractor's qualifications. While no problem is anticipated, permission is requested to award to the second low bidder should the low bidder be determined non-responsive or non-responsible.

**BASE BID:               \$218,000.00**

**CONTRACT AMOUNT:   \$218,000.00**

ATTACHMENT: Bid Tabulation

FUNDS: Debt Service

Bid Date: September 2, 2010

Date: September 9, 2010

PROJECT NO.  
PROJECT NAME  
PROJECT DESCRIPTION  
ARCHITECT/ENGINEER

3116-9835-NA  
Whitson Center - Hudson School & Health Services  
HVAC Replacement  
Smyrnet & Associates  
Thursday, 9/2/2010  
3:00:00 PM  
Central Office, Conf Room 247

Engineering and Planning  
3440 Harden St. Extension Columbia, SC  
29203  
Phone: (803) 898-8706 Fax: (803)



# BID TABULATION

CONTRACTOR NAME	BID SEC	ADDITIONAL U/M(s)	BASE BID NO. 1	SUBCONTRACTORS
1 Muth Plumbing & Heating Co., Inc. 1321 Reynolds Street Ext Greenwood, SC 29644 (844) 223-4336 (844) 223-5521 Ron Kelly ron@muthplumbingandheating.com LICENSE NO. MA-1371	✓	✓	\$218,000.00	HVAC (if Different) Electrical MA-1371 Eosley Electric M-106597
2 McCarter Mechanical, Inc. 645 John Dodd Road Spartanburg, SC 29303 (844) 599-7883 (844) 599-7884 Scott McCarter scott@mccartermechanical.com LICENSE NO. 106171	✓	✓	\$229,835.00	HVAC (if Different) Electrical 106171 Eosley Electric, Inc. 106597
3 Thord Mechanical Contractors 3674 Old Charleston Road Jensen Island, SC 29455 (843) 556-5636 (843) 763-3091 Ronald Runyon, Executive Vice President rdr@thordmhc.com LICENSE NO. MA-2377	✓	✓	\$239,489.00	HVAC (if Different) Electrical MA-2377 Eosley Electric M-106597
4 W. O. Blockstone & Co., Inc. P. O. Box 88 Columbia, SC 29202 (803) 257-8222 (803) 254-4521 Joy Morris jmorris@woblockstone.com LICENSE NO. M-1806, G-11873, B-51838	✓	✓	\$274,900.00	HVAC (if Different) Electrical M-1806 Eosley Electric M-106597

Project Manager

*John Cooper*  
John Cooper

Witness

*Shirley Adams*  
Shirley Adams

**CONSIDERATION OF BIDS**

**COASTAL CENTER – OUTDOOR SWIMMING POOL REFURBISHMENT**

**COASTAL REGION**

**J16-9796-GW-B**

This project includes refurbishment of an existing swimming pool to provide improved accessibility for consumer physical therapy, and conversion of the chlorinated water treatment system to a saline treatment system. Work also includes new pool equipment and storage building and new slab-on-grade topping. The outdoor pool is very old, and this project is the first major renovation since the original construction.

It is recommended that the contract be awarded to **WHITEWATER CONSTRUCTION, INC. of NORTH CHARLESTON, SOUTH CAROLINA** as the lowest responsible and responsive bidder in the amount of **\$104,900.00**, pending a thorough review of the contractor's qualifications. While no problem is anticipated, permission is requested to award to the second low bidder should the low bidder be determined non-responsive or non-responsible.

**BASE BID:                   \$104,900.00**

**CONTRACT AMOUNT:    \$104,900.00**

**ATTACHMENT: Bid Tabulation**

**FUNDS: Debt Service**

**Bid Date: September 2, 2010**

**Date: September 9, 2010**

PROJECT NO.:  
 PROJECT NAME:  
 PROJECT LOCATION:  
 ARCHITECT/ENGINEER:  
 BID DATE:  
 BID TIME:  
 LOCATION:

116-7794-GW-4  
 Coastal Center  
 Outdoor Swimming Pool Rehabilitation  
 Oyster River & Associates  
 Thursday, September 2, 2010  
 2:00PM PM  
 Central Office, Carl Street 347

Engineering and Planning  
 2440 Hudson St., Edgewater, Columbia, SC 29620  
 Phone: (803) 596-4776 Fax: (803) 596-4823



# BID TABULATION

CONTRACTOR NAME	BID SEC	ADDITIONAL BIDS	BID NO. 1	RECOMMENDATION
1. Whitewater Construction & Consulting Co., LLC P. O. Box 41548 North Charleston, SC 29423 (843) 543-3481 (843) 552-8074 info@whitewaterconstruction.com LICENSE NO. G-113452	✓	✓	\$104,900.00	Pool Subcontractor Hot Springs Pools LLC SP-5 G-100822
2. Mermis Construction, Inc. P. O. Box 2722 Northville, SC 29550 (843) 307-7542 (843) 407-2602 Cherie Mermis cm@mermisconstruction.com LICENSE NO. 112457	✓	✓	\$118,650.00	Pool Subcontractor P & P Construction G113708
3. J. Mauseth Construction P. O. Box 80785 Charleston, SC 29416 (843) 725-0406 (843) 725-0408 Jon Mauseth jon@jmausethconstruction.com LICENSE NO. G112423	✓	✓	Non-Response	Non-Response
4. Cood Tarr, Inc. (dba Southern Pools) 4900 Shaw Lane Charlotte, NC 28208 (704) 875-9164 www.southernpools.com LICENSE NO. G100043	✓	✓	Non-Response	Non-Response

Project Manager  
 Witness

*Robert Perry*  
 Robert Perry, PE  
 Project Manager